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March 31, 2005

Via Electronic Submission

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Room TWA-325  
Washington, DC 20554

**Re: Ex Parte  
CC Docket 02-53, Presubscribed Interexchange Carrier Charges**

Dear Ms. Dortch:

On March 15, 2005, SBC, along with other member companies of the United States Telecom Association (USTA), met with Pricing Policy Division staff to discuss the Presubscribed Interexchange Carrier (PIC) Charges Report and Order released on February 17, 2005.

In response to staff's request, SBC provides the following information to describe the steps necessary to implement the above referenced Order.

The Order requires local exchange carriers (LECs) to modify the charges they assess end users and interexchange carriers for changes to an end user's presubscribed interexchange carrier, or "PIC." Whereas the Commission previously had established a federal \$5 "safe harbor" charge for all PIC changes, the Order requires LECs to bifurcate the charge depending on whether the PIC change request is submitted electronically<sup>1</sup> or manually.<sup>2</sup> Under the newly established safe harbor rates, LECs are permitted to charge up to \$1.25 for electronic PIC requests and \$5.50 for manual PIC requests.<sup>3</sup> Additionally, LECs are required to reduce the bifurcated PIC charge by 50% when the customer simultaneously changes both the PIC and the intraLATA PIC ("LPIC").

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<sup>1</sup> Electronic submission of PIC changes typically occurs when an interexchange carrier submits a PIC change on behalf of an end user customer through a pre-established automated process managed by the end user's LEC.

<sup>2</sup> Manual submissions of PIC changes typically occur when an end user calls the business office of his local service provider.

<sup>3</sup> LECs wanting to charge rates above the newly established bifurcated and discounted rates must file cost support.

To implement the Order, SBC must make extensive changes to each of its regional retail and carrier billing and ordering systems in unprecedented time. Additionally, SBC will have to modify other established processes, including customer notification and references, methods and procedures used by retail and wholesale service representatives, revenue and product tracking systems, and other operations support systems. Each of these changes requires significant time and resources. In particular, before any information technology (IT) implementation can commence, a work request must be prepared which defines all legal, product and system requirements, and executive level approval must be obtained. Once approved, IT must develop the technical requirements (coding and other logic) necessary to ensure that each affected system performs the requested functionality. Once the technical changes are made, full system and parallel testing must occur to ensure that all systems (newly created and existing) are functioning properly, and that customers are billed correctly.

*Billing and Ordering Systems, CARE and Testing.* SBC's primary billing systems, the Customer Records Information System ("CRIS"), Ameritech Customer Information System ("ACIS") and the Carrier Access Billing System ("CABS"), must be modified to implement the new PIC rate structure. Specifically, SBC must develop and add coding to these billing systems to (1) identify when PIC and LPIC changes are requested at the same time, and (2) determine which rate to charge the IXC or end user for the change. SBC must modify its ordering systems, including Ameritech Service Order Negotiation (ASON), Service Order Retrieval and Distribution (SORD-Southwest and West), Service Negotiation and Processing (SNAP), Service Order Network Administration and Reports (SONAR), Automatic Order Generator (AOG), and Customer Enhanced System for Access Requests (CESAR), to ensure that mechanized service orders are generated correctly with the appropriate charge elements. SBC must modify its billing systems to accept the new charge codes from the ordering systems, update relevant tables with the correct rates, and modify all relevant reporting to account for the new rate structure.

SBC must also modify its Customer Account Record Exchange (CARE) in all of its regions to account for the rate changes. In this regard, SBC must develop logic for the CARE system to determine which charge, LPIC or PIC, applies and if the PIC and LPIC are changing at the same time. Further, SBC must modify the record format of the files sent to CRIS via CARE to recognize these new distinctions, and modify the coding used for reports sent to carriers via CARE. Additionally, SBC must test all new functionality to identify and resolve all defects and ensure that other systems and processes are not negatively affected. SBC estimates that the foregoing changes will take a minimum of ten months to implement. A more detailed breakdown of the billing and ordering changes and testing activities that must be done to implement the Order is provided in Exhibit 1.

*Customer Notification.* SBC will need to provide the IXCs a minimum of two accessible letters. The first letter would detail the numerous changes required as a result of the FCC's Order. Specifically, the letter would explain the impact of the FCC requirements on the processes utilized by the IXCs in the various SBC states, including interfacing with the CARE system, bulk transfers, automated stand alone processes utilized in a single state, handling PIC disputes (slamming allegations), and any impact on LPIC rates by state. Typically, these letters are sent to the IXCs 45 days in advance of a process change. However, the short implementation timeline will prevent SBC from meeting this business practice.

Because it is impossible for SBC to make the necessary changes to discount the PIC charge when an LPIC is changed simultaneously by the effective date of the Order, SBC can only charge 50% of the rate applicable to mechanized PIC changes for all PIC changes.<sup>4</sup> Once SBC can implement the necessary changes to bifurcate the PIC change charge and apply the 50% rule, SBC will file revised tariffs, with cost support, to increase the PIC rates. Consequently, SBC will have to send IXC's a second letter approximately ten months after the first letter to inform them of the increase in the PIC rates. SBC may also need to send other accessible letters to address changes to the LPIC. Changes to state processes and rates are highly likely as IXC's will seek the benefit of the lower mechanized rate for PIC changes to be applied to LPIC changes.

SBC will also have to update its corporate web page ([www.sbc.com](http://www.sbc.com)), on-line ordering systems, welcome letters received by customers that detail charges, and retail customer notification. SBC will have to draft new language to update existing references, obtain various approvals, submit such changes for processing and then advise staff of updated references and customer contact letters. The new rate structure will require further explanation to avoid customer confusion. In most cases, this will be done through bill inserts or bill messages, but could possibly require a direct mail piece with some customer groups.

*Tariff Changes.* While the FCC's order is directed at the PIC, it affects the LPIC as well. In most of SBC's in-region states, when a PIC and LPIC are changed at the same time, the LPIC rate is either a supplemental charge to the PIC rate or zero. In other states, SBC's LPIC charge mirrors the federal PIC charge. Consequently, SBC must revise both its federal and state tariffs in light of this Order.

At a minimum, SBC will have to file two federal tariffs for each region if an extension of time request is not granted. Likewise, SBC will have to revise its state tariffs in all 13 of its in-region states, possibly up to three times, if an extension is not granted. Since state tariffs typically must be filed on much more than 15 days' notice, they cannot be made effective in the same time period as is required by the Order for the interstate PIC rate changes, which obviously raises a number of public interest concerns (customer confusion, etc.).

*Methods and Procedures, and Tracking* SBC must update methods and procedures used by sales, billing and other support organizations to reflect the Order's changes. These references will have to be modified several times given that SBC will be revising its PIC and LPIC rates over the next 12 months. PIC change charges impact a variety of tracking and reporting processes, including those used to administer slamming allegations, those tracking the number of PIC changes processed, and revenue reporting. These processes must be able to distinguish the

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<sup>4</sup> SBC currently does not have the necessary processes in place to track the customers that SBC will under-bill for the non-recurring PIC change charge during this interim period. As a result, SBC will significantly under recover costs associated with making these changes. For SBC to create a process to capture the customers that are under-billed would delay implementation of the new rate structure, as the same resources would be needed for both.

type of PIC change made – manual or mechanized – and determine whether the rate applied was discounted.

*Slamming* The new rate structure will impact the administration of slamming complaints over the next two years. Because customers have up to two years to submit a slamming complaint and to obtain a refund of the PIC change charge that they paid when they were slammed, the customer service record will have to be modified to identify which PIC was paid when the customer was slammed (the "old" PIC change charge of \$5.00, the "new" PIC change charge of \$1.25 (or cost supported charge) or the new half PIC change charge of \$0.63).

It is impossible for SBC to implement the Order in the 30 day period currently provided. SBC believes that implementation of the tasks described above will take at least 10 to 12 months.

This notice is being filed pursuant to Section 1.1206(b)(2) of the Commission's rules. If you have any questions regarding this filing, please do not hesitate to contact me.

Sincerely,

/s/Toni Acton  
Associate Director

Attachment

cc: Daniel Gonzalez  
Jennifer Rosenworcel  
John Stanley  
Scott Bergman  
Jennifer McKee  
Judy Nitsche  
R.L. Smith  
Jim Lichford  
Richard Kwiatkowski

## **Implementation Schedule\***

### **Work Request - 30 to 45 Days**

- Review order to determine financial impact on SBC
- Determine impact on state tariffs and what revisions will need to be made
- Determine impact on USF charge associated with PIC
- Define what changes will be required for billing, ordering and CARE systems
- Determine customer notification requirements
- Determine if any changes will need to be made to SBC website
- Obtain approval of work request at officer level

### **Business Requirements - 13 days**

- Document the impact the changes identified in the work request will have on SBC products and customers
- Document the functional features to satisfy the business needs

### **Technical Requirements - 30 days**

- Determine the technical functionality needed to satisfy the business requirements
- Identify the necessary software changes and any system operational constraints

### **Application Changes - 70 days**

#### CARE System 1500 hours:

- Make changes to provide multiple surcharge indicators to the billing files sent to Carrier Access Billing (CABS) for accurate FUSF billing under multiple billing scenarios (manual vs mechanized, PIC only, LPIC only or PIC/LPIC combined)
- Develop new code logic to identify which PIC Dispute rating logic applies either prior to or post PIC bifurcation
- Add logic to determine if the PIC and LPIC are being changed on the same transaction. This applies to all regions. In at least one region, this involves significant coding and the entire order has to be checked. For example, if an order for a 6 line account comes in with PIC changes on 4 lines, but LPIC changes on only 2 lines, the discounted PIC rate would only apply on 2 lines. This logic is complex and will require extensive testing
- Modify methodology used for counting carrier and business office initiated PIC changes. This is needed to charge the carrier and end user the correct amount depending on whether the IXC or end user pays
- Modify record counts sent to LEC Services Billing System (LSB) in Midwest and Miscellaneous CRIS Billing in the Southwest

## Exhibit 1

- Modify reports to carriers. Additional breakdown is needed due to new rate structure. The billing reports to the IXC's for PIC Dispute & IC Pays will be changed
- The Midwest region must test with LSB and ACIS (Ameritech Customer Information System). Testing would be required for all regions (West & East to CARE & CABS, Midwest LSB & ACIS, Southwest CARE & CRIS)

### Billing Systems 3170 hours:

- Create new USOCs to differentiate the source of the PIC change
- Create new USOC for FUSF rating
- Update tables with the new USOCs and rates. There are multiple tables in many regions that have to be updated. Many of these tables have multiple levels that will need to be updated
- Add logic to determine if the PIC and LPIC are being changed on the same order. This includes determining where the order originated, i.e. from an electronic system or from an SBC service center
- Make changes to accept new transactions from the ordering system. These new transactions are needed to differentiate manual and mechanized PIC changes and PIC changes made at the same time as the LPIC change. The transactions update the customer account with the correct charge code so the customer is billed the proper rate
- Make changes to report sorting and control break logic to differentiate between mechanized and manual, 100% and 50% PIC, due to new rate structure
- Separate manual and mechanized charges in programs to keep an accurate count of PIC and LPIC changes for reporting.
- Make FUSF reporting changes due to new structure
- CABS will have to make numerous changes in most regions. For example, CABS West will have to change 6 copylibs, 11 programs, 4 program load modules, 3 procs and the program library to accommodate these changes
- Make changes to PIC processing. Some of these changes are to track whether the quantity or dollar amount for the USOC is increasing or decreasing. Some systems have the PIC charge 'hard coded' in their systems; this code has to be removed or modified to accommodate the new rate structure
- Add new USOCs to USOC tables in Receivables Accounting Project so the new USOCs get summarized in the proper General Ledger account

### Ordering Systems 4287 hours:

- Adopt multiple rate structures for different events, including both ICPAY options (IXC pays and subscriber pays) and slamming
- Differentiate event types for both ICPAY options for CABS
- Develop logic to send the full or discounted PIC change charge rate to CABS for billing carriers

## Exhibit 1

- Design and implement service order changes for the mechanized rate applications. This is necessary to ensure the mechanized service order is created correctly with the appropriate USOCs in order to charge the customer the correct rate
- Prepare new edits for new USOCs. Some existing PIC edits are complex and will have to be carefully analyzed to be sure the new USOCs do not interfere with the current processing of service orders.
- Develop Pending Order Conversion to apply appropriate USOCs on pending orders
- Those regions with rate quote ability will have to make changes in these systems to quote the correct PIC/LPIC charge to customers.
- Update tables with new USOCs, rates and business rules. Some regions have multiple tables that need to be changed

### CABS 850 hours:

- New indicator needed to determine if mechanical v/s manual rate applies
- Differentiate between mechanical and manual charges for downstream systems
- Update tables for USOCs and rates
- Develop new edits for new USOCs
- New indicator to apply discounted rates for PIC changes manual v/s mechanical

### **System Testing - 50 days**

- System Testing is the testing of applications that have been modified and all interfacing applications
- Develop test cases to test new functionality and ensure that existing functionality still works (i.e., test all PIC/LPIC situations to ensure that the customer is being billed properly)
- Test systems that interface with each other to ensure the feeder files can be read by the receiving system and to ensure that they are receiving all the data that they need
- Positive and negative testing is done to ensure that error situations are identified and corrected.

### **Parallel Testing - 35 days**

- Run the changed applications with the same data as the existing application to be sure results are as expected
- Ensure the new code didn't cause a breakdown in any other part of the system (i.e., customer records and rating of other charges are still accurate)

## Exhibit 1

### **Implementation - 36 days**

- Package the module to be released, document release schedule, coordinate with downstream systems, update users on changes and update modules in production
- Some applications must be updated before others to ensure the receiving application receives data in correct format

\*This information is based on previous projects and experience. Some tasks may take more or less time which cannot be determined until IT receives the detailed business requirements. Due to the complexity of this project, extensive testing will be required.



**Federal Communications Commission**

**The FCC Acknowledges Receipt of Comments From ...  
SBC Communications Inc.  
...and Thank You for Your Comments**

**Your Confirmation Number is: '2005331651951 '**

**Date Received: Mar 31 2005**

**Docket: 02-53**

**Number of Files Transmitted: 1**

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